

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01
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SS-15 USIA-06 COME-00 EB-08 LAB-04 SIL-01 EURE-00
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 1831
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
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USMISSION OECD PARIS
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USNMR SHAPE

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TAGS: ELAB, UK, PINT
SUBJECT: TRADE UNIONS RALLY ROUND THE LABOR FLAG BUT
SPECULATE ABOUT A CONSERVATIVE GOVERNMENT

REF: LONDON 3880

SUMMARY. AS THE COMMONS PREPARES FOR A CLIMACTIC CONFIDENCE VOTE ON WEDNESDAY, THE TRADE UNIONS ARE RALLYING .ROUND THE GOVERNMENT.S FLAG. MOST TRADE UNION LEADERS PREDICT THAT IF THERE WERE AN ELECTION IN WHICH THE
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LABOR GOVERNMENT WENT DOWN TO DEFEAT, COOPERATION BETWEEN THE TRADE UNIONS AND THE CONSERVATIVES WOULD BE DIFFICULT OR DOUBTFUL. IT WOULD APPEAR TO US THAT IF THE CONSERVATIVES CAME TO POWER IN THE NEAR FUTURE AND SOUGHT A THIRD YEAR OF WAGE RESTRAINT, THEY WOULD BE UNLIKELY TO ACHIEVE IT. ON THE OTHER HAND, THE BITTER CONFRONTATION WHICH CHARACTERIZED MUCH OF THE HEATH GOVERNMENT'S RELATIONSHIP

WITH THE UNIONS NEED NOT NECESSARILY BE AN INEVITABLE CONCOMITANT OF A THATCHER ADMINISTRATION. END SUMMARY.

1. THE TUC AND THE GOVERNMENT UTILIZED THE TUC/LABOR PARTY LIAISON COMMITTEE MEETING YESTERDAY (MARCH 21) AS A DEMONSTRATION OF UNITY AND SOLIDARITY. UNION LEADERS -- INCLUDING JACK JONES, LEN MURRAY, HUGH SCANLON AND DAVID BASNETT -- WERE JOINED BY PRIME MINISTER JAMES CALLAGHAN AND OTHER GOVERNMENT MINISTERS INCLUDING MICHAEL FOOT, ERIC VARLEY, AND ALBERT BOOTH. BECAUSE OF THE CURRENT POLITICAL CRISIS, THE CONFEREES DISPENSED WITH THE NORMAL COMMITTEE AGENDA. THEY UNANIMOUSLY AGREED ON A STATEMENT WHICH CREDITED THE GOVERNMENT'S EFFORTS "TO SECURE ECONOMIC STABILITY" DURING THE PAST TWO YEARS, EMPHASIZED THAT THE GOVERNMENT'S "FULL RECOGNITION OF THE NEED FOR THE CLOSEST WORKING RELATIONSHIP WITH TRADE UNIONS HAS BEEN A GREAT SERVICE TO THE NATIONAL ECONOMY" AND DECLARED THAT "THE PEOPLE OF BRITAIN ARE LOOKING TO THE GOVERNMENT FOR THE COMPLETION OF THIS TASK." MURRAY LATER REINFORCED THE FORMAL STATEMENT BY STATING: "THE TUC WANTS THIS PRESENT GOVERNMENT TO STAY IN OFFICE TO DO THE JOB IT HAS BEGUN."

2. IF THE LIAISON COMMITTEE'S STATEMENT WAS LESS EFFUSIVE OR AGGRESSIVE THAN A "RALLY 'ROUND THE FLAG" MEETING WOULD SUGGEST, THIS CIRCUMSPECTION WAS LARGELY A MATTER OF PRUDENCE RATHER THAN FEELING. NEITHER SET OF PARTNERS IN THE COMMITTEE WISHED TO COMPLICATE THE TASK OF THE GOVERNMENT IN THE RUN-UP TO THE CRITICAL VOTE ON LIMITED OFFICIAL USE

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WEDNESDAY. PARTICULARLY IN ITS DEALINGS WITH THE SMALLER PARTIES. NORMAN WILLIS, TUC ASSISTANT GENERAL SECRETARY, TOLD US THAT THE MEETING WAS "SOMBER" AND THAT THE PRIME MINISTER MADE IT CLEAR THAT HE DID NOT WANT AN ELECTION. FOR THEIR PART, ADDED WILLIS, THE UNIONS FULLY UNDERSTOOD THE NEED FOR HIS DISCUSSIONS WITH THE LIBERALS AND THE ULSTER UNIONISTS AND CALLAGHAN'S MOVES TO STAVE OFF A NEGATIVE VOTE ON WEDNESDAY.

3. LEADERS OF THE TUC, SPEAKING AS INDIVIDUALS, WERE NOT SO RETICENT ABOUT THEIR VIEWS. TOM JACKSON, THE POSTAL WORKERS LEADER, REFERRED CONTEMPTUOUSLY TO THE CONSERVATIVES AS "HARD-NOSED AND REACTIONARY" WITH WHOM AGREEMENT ON A THIRD PAY RESTRAINT YEAR WOULD BE EXTREMELY DIFFICULT. LAWRENCE DALY, THE GENERAL SECRETARY OF THE NATIONAL UNION OF MINERS, WHO FAVORS A THIRD PAY ROUND ACCORD WITH THE LABOR GOVERNMENT, SAID HE SAW "NO INDICATION FROM MRS. THATCHER OR ANY OF THE OTHER CONSERVATIVE SPOKESMEN THAT THEY WOULD BE LIKELY TO PRODUCE AN

ECONOMIC POLICY WITH WHICH THE TUC COULD COOPERATE..."
DAVID BASNETT, GENERAL SECRETARY OF THE GENERAL AND MUNICIPAL WORKERS UNION -- BRITAIN'S THIRD LARGEST UNION --
WARNED THAT THE CONSERVATIVES MIGHT FACE PLANT CHAOS IF THEY WON AN ELECTION.

4. THE EXTREME LEFT-WING OF THE TRADE UNION MOVEMENT

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INCLUDING ARTHUR SCARGILL, YORKSHIRE REGIONAL LEADER OF THE NATIONAL UNION OF MINERS, AND TWO SCOTTISH COMMUNIST TRADE UNIONISTS, MICK MCGAHEY, ALSO OF THE MINERS, AND JAMES MILNE, GENERAL SECRETARY OF THE SCOTTISH TUC, PUBLICLY ARQUED THAT THE LABOR GOVERNMENT SHOULD HOLD

FAST AND NOT MAKE ANY DEALS WITH THE SMALLER PARTIES IN ORDER TO STAY IN OFFICE. THE COMMUNIST DAILY, "THE MORNING STAR", DESCRIBED THIS VIEW AS URGING THE GOVERNMENT TO "STAND UP AND FIGHT, DON'T CRAWL TO THE LIBERALS LIMITED OFFICIAL USE

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AND THE ULSTER UNIONISTS." (THE EXTREME LEFT, PARTICULARLY THE COMMUNISTS, BELIEVE THEY THRIVE WHEN CONSERVATIVE GOVERNMENTS ARE IN POWER -- A VIEW WHICH HAS SOME MERIT.)

5. COMMENT. ON THE ASSUMPTION THAT A CONSERVATIVE GOVERNMENT SEEKS A DIRECT OR INDIRECT COMMITMENT FROM THE TRADE UNIONS FOR A THIRD YEAR OF WAGE RESTRAINT, WE BELIEVE THEY ARE LIKELY TO BE REBUFFED. THE "BEST OF CIRCUMSTANCES" FOR A THIRD ROUND EXIST WITHIN THE FRAMEWORK OF A LABOR GOVERNMENT - TUC UNDERSTANDING, AND EVEN SO. IT WILL BE VERY DIFFICULT TO OBTAIN A MEANINGFUL WAGE RESTRAINT POLICY. ONE TUC OFFICIAL TOLD US THAT IF THE CONSERVATIVES RETURN "THE PAY POLICY WILL BE OUT THE WINDOW" AND ANOTHER SAID THERE WAS EVEN A DANGER OF UNRAVELLING IN THE CURRENT WAGE ROUND, BOTH IN TERMS OF AGREEMENTS ALREADY CONCLUDED AND THOSE STILL TO BE NEGOTIATED BEFORE JULY 31, WHEN THE PRESENT ROUND EXPIRES.

6. THE CONSERVATIVES, IT IS TRUE, HAVE NOT DELINEATED THEIR VIEWS ON INCOMES POLICIES. WHILE THEY HAVE BEEN ATTENTIVE TO THE VIEWS OF THEIR OWN TRADE UNION ARM -- THE CONSERVATIVE TRADE UNION GROUP -- THEY HAVE NOT TIPPED THEIR HAND AS YET. IT IS CONCEIVABLE, OF COURSE, THAT THEY MIGHT DECIDE, IF THEY WITNESS A REAL "FREE-FOR-ALL" ON THE WAGES FRONT, TO ACCEPT THE KEITH JOSEPH APPROACH IN WHICH TIGHT MONEY POLICY WOULD RIDE HAND IN HAND WITH UNEMPLOYMENT AS A CORRECTIVE TO OVERWHELMING WAGE DEMANDS (THUS MAKING A VIRTUE OUT OF NECESSITY). OR, IN EXTREMIS, THEY COULD AS THEY HAVE IN THE PAST, RESORT TO A STATUTORY POLICY, PARTICULARLY IF THE INTERNATIONAL BANKING COMMUNITY BRINGS PRESSURE FOR ACTION IN THIS AREA.

7. ALL OF THIS DOES NOT NECESSARILY MEAN, HOWEVER, THAT THE CONSERVATIVES WOULD RETURN TO THE BITTER CONFRONTA-

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TION WHICH CHARACTERIZED THE HEATH GOVERNMENT. IN THEIR SPEECHES, THEIR CONFERENCES' AND IN THEIR PRIVATE

MEETINGS WITH US, THE CONSERVATIVES INSIST THAT THEY WISH TO AVOID SUCH A RE-ENACTMENT. THEY HAVE BEGUN A DIALOGUE WITH THE TRADE UNION LEADERSHIP. THEY HAVE NO PRESENT PLANS TO UPTURN THE LIBERAL TRADE UNION AND SOCIAL LEGISLATION ENACTED BY THE LABOR GOVERNMENT DURING THE PAST TWO YEARS, ALTHOUGH THEY WILL SEEK CERTAIN LIMITED MODIFICATIONS OF THESE LAWS. THEY MAY VERY WELL MAKE CONSIDERABLE EFFORTS TO CONSULT WITH THE TRADE UNIONS EARLY ON IN ANY NEW GOVERNMENT THEY HEAD AND TO USE THE "MORE ACCEPTABLE FACE OF CONSERVATISM", JAMES PRIOR, RATHER THAN MRS. THATCHER, WHOM THE UNION LEADERS DO NOT FIND COMPATIBLE, AS THEIR MAJOR ENVOY TO THE TUC.

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